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SENATE BILL 143

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

ROMAN M. MAES, III

FOR THE SCIENCE, TECHNOLOGY, ENERGY AND DEFENSE

CONVERSION COMMITTEE

AN ACT

RELATING TO TAXATION; INCREASING THE AMOUNT OF THE SEVERANCE TAX PERMANENT FUND THAT MAY BE INVESTED IN A NEW MEXICO VENTURE CAPITAL FUND; AMENDING A SECTION OF THE SEVERANCE TAX BONDING ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-27-5.15 NMSA 1978 (being Laws 1990, Chapter 126, Section 5, as amended) is amended to read:

"7-27-5.15. NEW MEXICO VENTURE CAPITAL FUND INVESTMENTS. --

A. No more than [~~one-half of~~] one percent of the [~~book~~] market value of the severance tax permanent fund may be invested in New Mexico venture capital funds under this section.

B. If an investment is made under this section, not [~~less than five hundred thousand dollars (\$500,000) or~~] more

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1 than [~~three million dollars (\$3,000,000)~~] seven million five  
2 hundred thousand dollars (\$7,500,000) of the amount authorized  
3 for investment pursuant to Subsection A of this section shall be  
4 invested in any one New Mexico venture capital fund. The amount  
5 invested in any one New Mexico venture capital fund shall not  
6 exceed [~~forty~~] fifty percent of the committed capital of that  
7 fund. [~~Investments shall be made only in the initial offering~~  
8 ~~of a New Mexico venture capital fund provided that any~~  
9 ~~investment may be made in one or more increments~~].

10 C. In making investments pursuant to this section, the  
11 council shall give consideration to investments in New Mexico  
12 venture capital funds whose investments enhance the economic  
13 development objectives of the state.

14 D. The state investment officer shall make investments  
15 pursuant to this section only upon approval of the council and  
16 upon review of the recommendation of the venture capital  
17 investment advisory committee. The state investment officer is  
18 authorized to make investments pursuant to this section  
19 contingent upon a New Mexico venture capital fund securing paid-  
20 in investments from other accredited investors for the balance  
21 of the minimum committed capital of the fund.

22 E. As used in this section:

23 (1) "committed capital" means the sum of the  
24 fixed amounts of money which accredited investors have obligated  
25 for investment in a New Mexico venture capital fund and which

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1 fixed amounts may be invested in that fund on one or more  
2 payments over time; and

3 (2) "New Mexico venture capital fund" means any  
4 [~~limited~~] limited liability company partnership or corporation  
5 organized and operating in the United States and maintaining  
6 [~~its principal active~~] an office staffed by a full-time  
7 investment officer in New Mexico that:

8 (a) has as its primary business activity the  
9 investment of funds in return for equity in businesses for the  
10 purpose of providing capital for start-up, expansion, product or  
11 market development or similar business purposes;

12 (b) holds out the prospects for capital  
13 aggregation from such investments;

14 (c) has a minimum committed capital of [~~one~~  
15 ~~million two hundred fifty thousand dollars (\$1,250,000)~~] five  
16 million dollars (\$5,000,000);

17 (d) has at least one full-time [~~management~~]  
18 manager with at least three years of professional experience in  
19 assessing the growth prospects of businesses or evaluating  
20 business plans and who has established permanent residency in  
21 the state;

22 (e) is committed to investing [~~in New Mexico~~  
23 ~~one hundred percent of the investments~~] or helps secure  
24 investing by others in an amount at least equal to the total  
25 investment made by the state investment officer in that fund

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1 pursuant to this section, in businesses with a principal place  
2 of business in the state and ~~[holds]~~ that hold promise for  
3 attracting additional capital from individual or institutional  
4 investors nationwide ~~[to]~~ for businesses in the state; and

5 (f) accepts investments only from accredited  
6 investors as that term is defined in Section 2 of the federal  
7 Securities Act of 1933, as amended, (15 U.S.C. Section 77(b))  
8 and rules and regulations promulgated pursuant to that section  
9 [and

10 ~~(g) receives at least forty percent of the~~  
11 ~~fund's capital from institutional investors. For the purposes~~  
12 ~~of this section, "institutional investors" includes pension~~  
13 ~~funds, insurance companies, corporations, trust funds,~~  
14 ~~foundations, venture capital funds and financial institutions]. "~~

1 FORTY-THIRD LEGISLATURE

2 FIRST SESSION, 1997

SB 143/a

3  
4  
5 February 11, 1997

6  
7 Mr. President:

8  
9 Your CONSERVATION COMMITTEE, to whom has been referred

10  
11 SENATE BILL 143

12  
13 has had it under consideration and reports same with  
14 recommendation that it DO PASS, amended as follows:

15  
16 1. On page 3, line 4, insert a comma following "company",

17  
18 and thence referred to the FINANCE COMMITTEE.

19  
20 Respectfully submitted,

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24 \_\_\_\_\_  
25 Michael S. Sanchez, Chairman

**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_

(Chief Clerk)

(Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 7 For 0 Against

Yes: 7

No: None

Excused: Griego, Macias, Tsosie

Absent: None

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FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997

SB 143/a

March 15, 1997

Mr. President:

Your FINANCE COMMITTEE, to whom has been referred

SENATE BILL 143, as amended

has had it under consideration and reports same with  
recommendation that it DO PASS, amended as follows:

1. On page 3, line 4, strike all of the line up to "or" and  
insert in lieu thereof "limited partnership, limited liability  
company".

Respectfully submitted,

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Ben D. Altamirano, Chairman

**FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997**

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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 6 For 0 Against

Yes: 6

No: None

Excused: Aragon, Carraro, Ingle, Lyons, McKibben

Absent: None

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